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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

S/047/0081
0001

June 23, 2009

CERTIFIED RETURN RECEIPT
7003 2260 0002 0247 8218

Edward Pucciarelli
Black Sands Holding Co.
2581 South Macon Way
Aurora, Colorado 80014

Subject: Five-Year Escalation of Reclamation Surety, Black Sands Holding Co., Black Sands-47278, S/047/0085; Black Sands-47279, S/047/0082; Black Sands-47280, S/047/0083; Black Sands-47281, S/047/0084; Black Sands-47287, S/047/0081; Black Sands-47288, S/047/0086; Uintah County, Utah

Dear Mr. Pucciarelli:

The Division recently reviewed the three-year escalation of your Black Sands Mines 47278, 47279, 47280, 47281, 47287, 47288, located in Uintah County, Utah.

The last surety estimate for these mines was \$18,600 in 2006 dollars per 5 acre mine. The surety for each mine escalated to the year 2014 is \$25,200. The total amount for the 6 small mines is \$151,200. The current total surety amount held is \$111,600. The surety amount due is \$39,600. Please provide the updated surety within 60 days or no later than August 25, 2009.

It is the understanding of DOGM that Black Sands Holding Co. no longer has the right of entry from SITLA. Please amend page 3 of your NOI to reflect the change in the right to enter. You will need to get authorization from SITLA if you want to continue to reclaim the mine sites.

You may provide additional cash to the existing surety and no other paperwork will be necessary. However, if you choose to post another form of surety, please contact Penny Berry at (801) 538-5291 to obtain the current bonding forms or you may access the current forms on the internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm> . Please fax a "draft" copy of the documents so we can review them for completeness and accuracy before they are finalized.

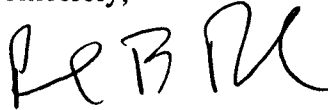


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Edward Pucciarelli
Black Sands Holding Co.
June 24, 2009

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Paul Baker at (801) 538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P B Baker', with a stylized, cursive script.

Paul B. Baker
Mining Program Manager

PBB:lah:pb

cc: SITLA - WStokes@utah.gov

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Leslie Heppler - Re: Surety Escalation Concurrence

From: William Stokes
To: Leslie Heppler
Date: 6/23/2009 2:19 PM
Subject: Re: Surety Escalation Concurrence

The School and Institutional Trust Lands Administration is in concurrence with the DOGM assessment of the Bond escalation for the Black Sands permits.

>>> Leslie Heppler 6/22/2009 8:48 AM >>>

Will - As we have discussed by phone I am escalating the bonds for the Black Sands Permits. Here is a few facts:

- 6 Permits at \$18,600 to be escalated to \$25,200 each
- Current total \$111,600, new total \$151,200
- Amount Due \$39,600 in 60 days
- The following text is included in the letter "It is the understanding of DOGM that Black Sands Holding Co. no longer has the right of entry from SITLA. Please amend page 3 of your NOI to reflect the change in the right to enter. You will need to get authorization from SITLA if you want to continue to reclaim the mine sites."

Please send your concurrence via email. If you have any questions please call me at 801-538-5257

thx-lah

Leslie Heppler
Utah Division of Oil, Gas & Mining
(801) 538-5257 (Mon thru Thur)
lhopper@utah.gov